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1984 EXECUTIVE COMPENSATION STUDY

THE INDUSTRIAL 100 AND
THE SERVICE 100

TPE&C

CONTENTS

TPF&C EXECUTIVE COMPENSATION STUDY 2

PROFILE OF THE SURVEY COMPANIES 3

Exhibit 1 Financial Statistics 3

Exhibit 2 Median Total Annual Shareholders Return 6

EXECUTIVE TOTAL COMPENSATION 7

Exhibit 3 Total Compensation Mix 7

Exhibit 4 Prevalence of Major Compensation Elements 8

TOTAL CASH COMPENSATION 9

Exhibit 5 Median Percentage Increase in Cash Compensation for CEOs 9

Exhibit 6 Senior Executive Compensation as a Percentage of CEO Pay 10

Exhibit 7 Total Cash Compensation Statistics 11

ANNUAL INCENTIVES 12

Exhibit 8 Percentage of Companies Offering Short-Term Incentives 12

Exhibit 9 Annual Incentive Award as a Percentage of Base Salary 13

Exhibit 10 Prevalence of Short-Term Incentives 14

LONG-TERM INCENTIVES 15

Exhibit 11 Prevalence of Long-Term Incentives 15

EXECUTIVE BENEFITS 17

Exhibit 12 Prevalence of Executive Benefits 17

EXECUTIVE CONTRACTS 18

APPENDIX 19

Definitions of Short-Term Incentives 19

Definitions of Long-Term Incentives 19

Short- and Long-Term Incentive Plans in the Top 100 U.S. Industrial Companies 20

Short- and Long-Term Incentive Plans in the U.S. Service 100 Companies 22

TPF&C EXECUTIVE COMPENSATION STUDY

TPF&C's annual study of executive compensation tracks the total compensation (base salary plus annual incentive) of senior executives in the country's largest companies, traditionally the 100 largest U.S. industrials.* The study also monitors the changing pattern of short- and long-term incentives and benefits provided to this executive group.

Because 68% of all nongovernment workers are now employed in service businesses, we have broadened this year's study to include 100 companies in the U.S. service sector.** The Service 100 is divided into five categories: Diversified Services (20 companies), Commercial Banking (25 companies), Diversified Financials (20 companies), Retailing (15 companies) and Transportation (20 companies). The sample includes the largest companies in each industry segment as well as representative companies from the middle rankings.

*almost identical to the *Fortune* listings (April 1984)
**selected from the *Fortune* Service 500 (June 1984)

Among the observations arising from the study are:

- The median increase in the cash compensation of incumbent chief executive officers was 12%, double the 6% figure recorded for Industrial 100 CEOs in the previous year.
- Shareholders reaped rewards as well — 1983's median total return on annual shareholder investment (price appreciation plus dividends) was 23.6%. For both the Industrial and the Service 100s, last year's results greatly exceeded the median annual return over the previous ten years.
- Executive compensation packages — salary, annual and long-term incentives and employee benefits, supplemented by executive benefits and perquisites — focused heavily on the variable elements (annual and long-term incentives), with the long-term portion providing the potential for the greatest gain.
- The rising stock market prompted renewed interest in executive stock ownership, with companies seeking to reinforce the links between executive rewards and shareholder gains.
- The use of new performance indicators in incentive plan formulas attracted attention as companies looked for techniques to measure accurately management's impact on long-term shareholder value. These value-based compensation systems go beyond traditional earnings growth ratios in selecting measurement criteria; rather, they combine such indicators as "real" rates of return on investment and growth to attempt to determine changes in shareholder value.
- Congress took a step toward regulating private sector pay with the Deficit Reduction Act of 1984, establishing strict guidelines and penalties for "excessive" golden parachute payments. This action could have a long-range effect on executive compensation programs.

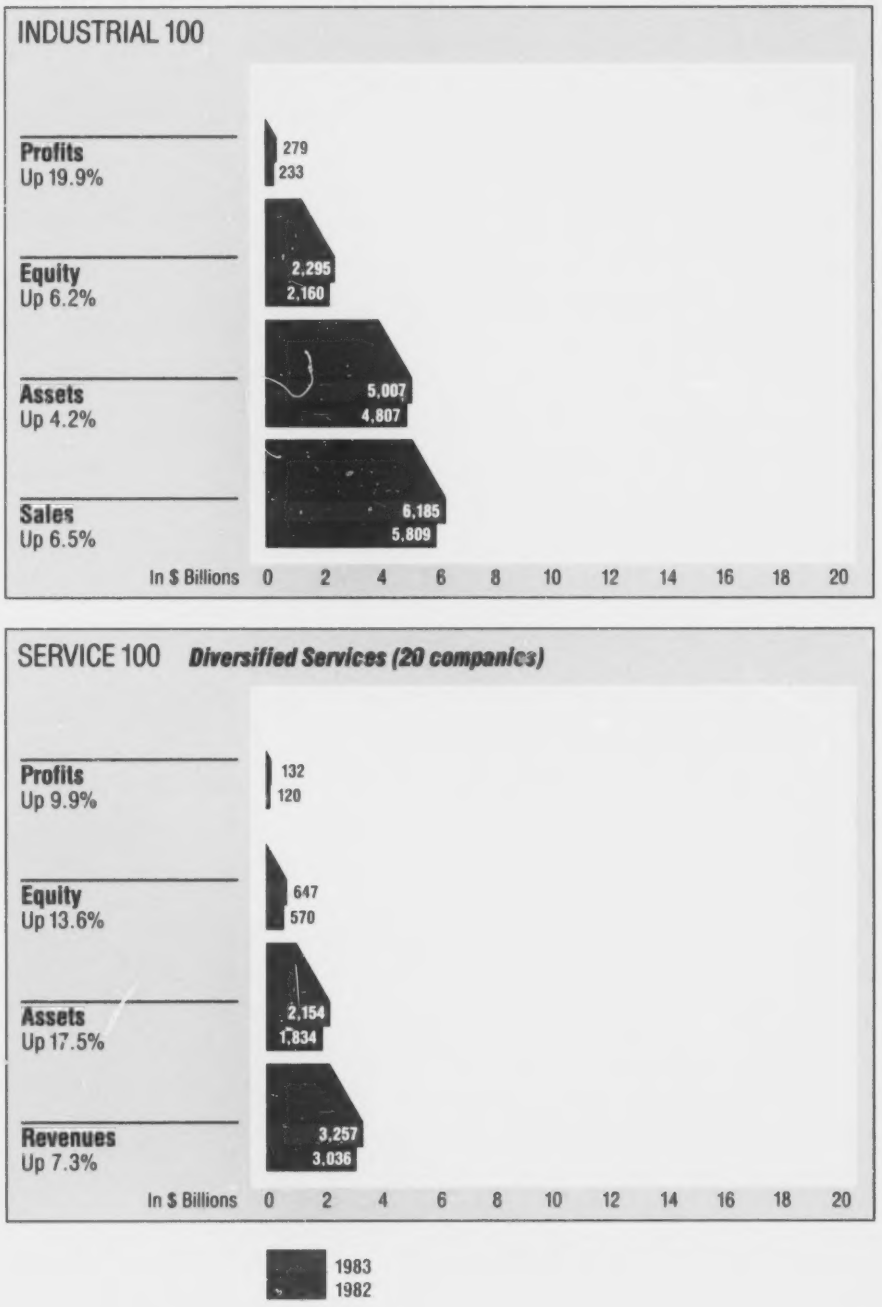
PROFILE OF THE SURVEY COMPANIES

The economic recovery benefited many of the survey companies – notably, automobile and related-products manufacturers in the Industrial 100 and retailers in the Service 100.

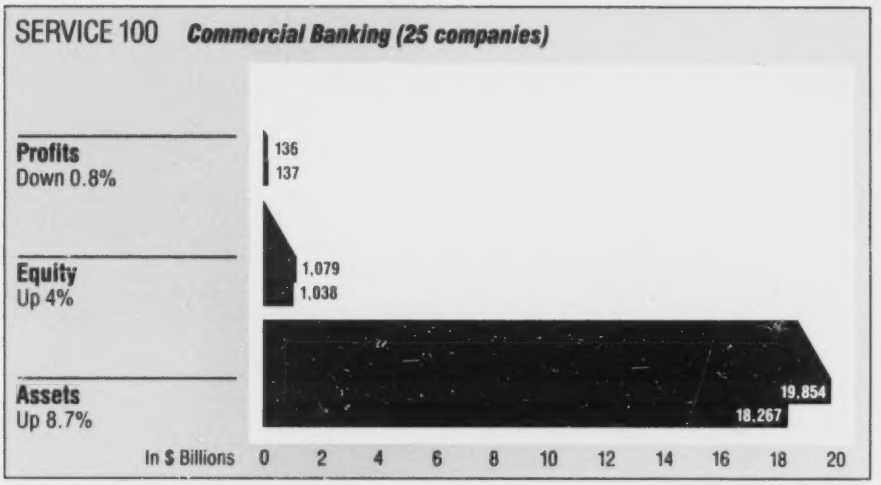
Among the Industrial 100, 63 companies reported profit increases, compared with 42 the year before. Thirty-four others reported profit declines, with seven of these recording net losses. The remaining three companies operated at a net loss for the year, but their results improved somewhat over 1982's.

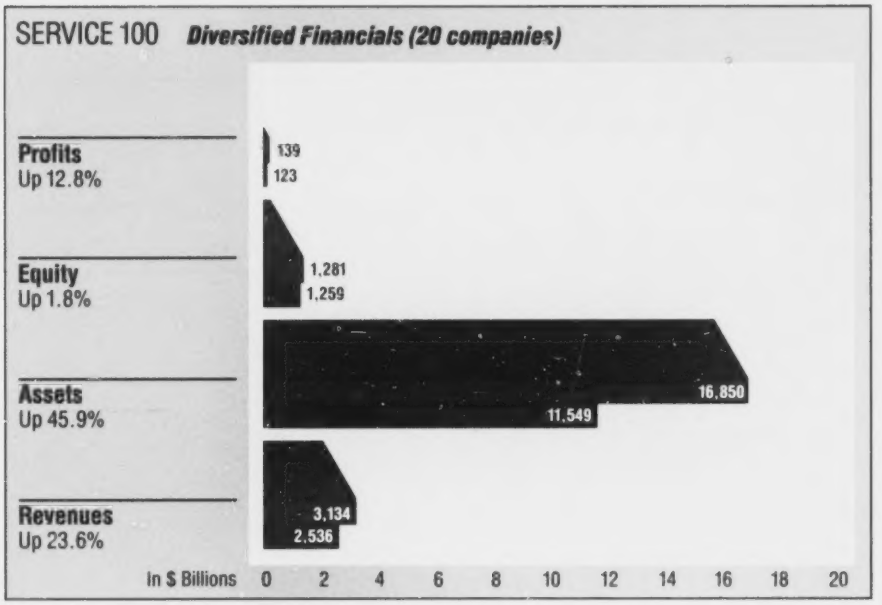
The recovery was particularly strong in the Service 100, with 72 organizations reporting profit increases and only 19 reporting declines. Of the nine Service companies that finished the year with net losses, seven were airlines in the troubled Transportation sector. Key statistics for both sectors appear in *Exhibit 1*.

Financial Statistics Median ($000,000) ***Exhibit 1***

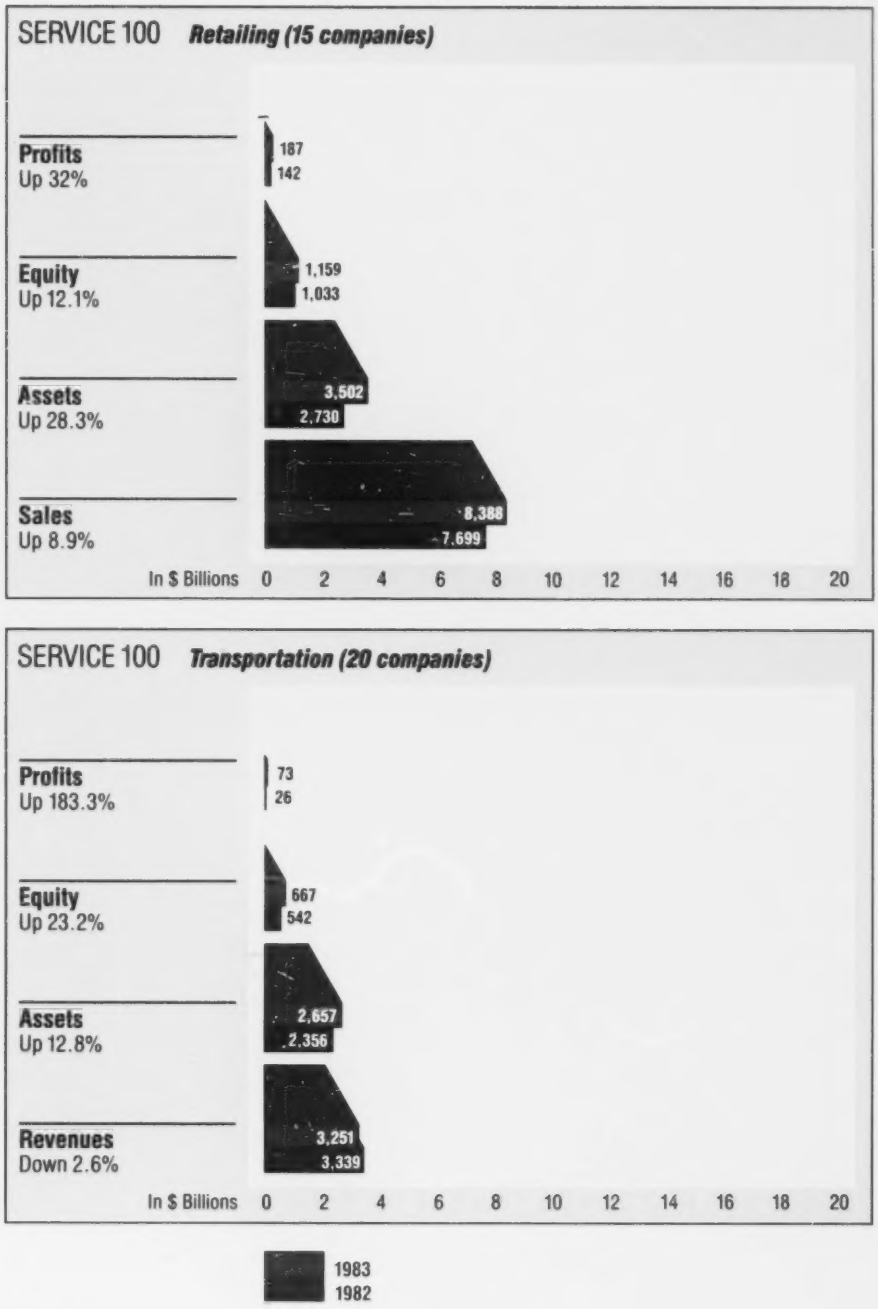


Financial Statistics Median ($000,000) ***Exhibit 1*** (Continued)





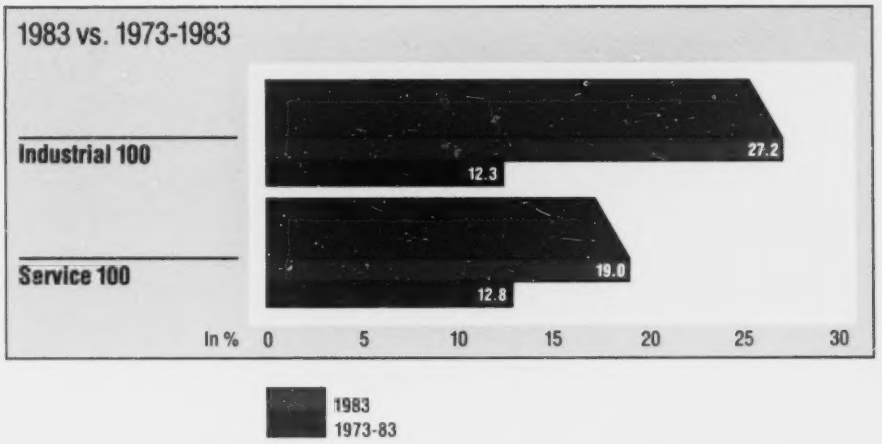
Financial Statistics Median ($000,000) ***Exhibit 1*** (Continued)



The median total annual return on shareholder investment — share price appreciation plus total dividend yield — was 23.6%* for the entire survey group. Both sectors reported significant gains, with the biggest jump in the Industrial sector *(Exhibit 2)*.

*as reported by *Fortune*

Median Total Annual Shareholders Return ***Exhibit 2***



Base salaries remain the cornerstone for ensuring that executive pay is competitive. Broad-based employee benefits complement cash compensation, and supplemental executive benefits address the specific needs of senior management. Annual incentives reward executives for achieving targeted financial results and meeting critical goals in support of the company's long-range plans and strategies. Long-term incentives, including stock options and performance plans, are designed to align executive and shareholder interests. Last year, 96% of the Industrial 100 and 89% of the Service 100 included both annual and long-term incentives in their executive pay packages.

Data from this study, along with research results from the Long-Term Incentive Plan Study of TPF&C's Compensation Data Bank, allowed us to quantify the relationships among the survey companies' key elements of pay. The pie chart in *Exhibit 3* illustrates the mix of these elements in the CEO's total executive compensation package.

As the chart shows, the variable elements in total accounted for more than half of total compensation. Moreover, the long-term element was larger than the annual incentive element, reflecting the corporate concern with long-term performance. These findings suggest that the survey companies' compensation plans, particularly the long-term plans, can promote a strong relationship between executive rewards and company performance.

Total Compensation Mix CEO Median

Exhibit 3

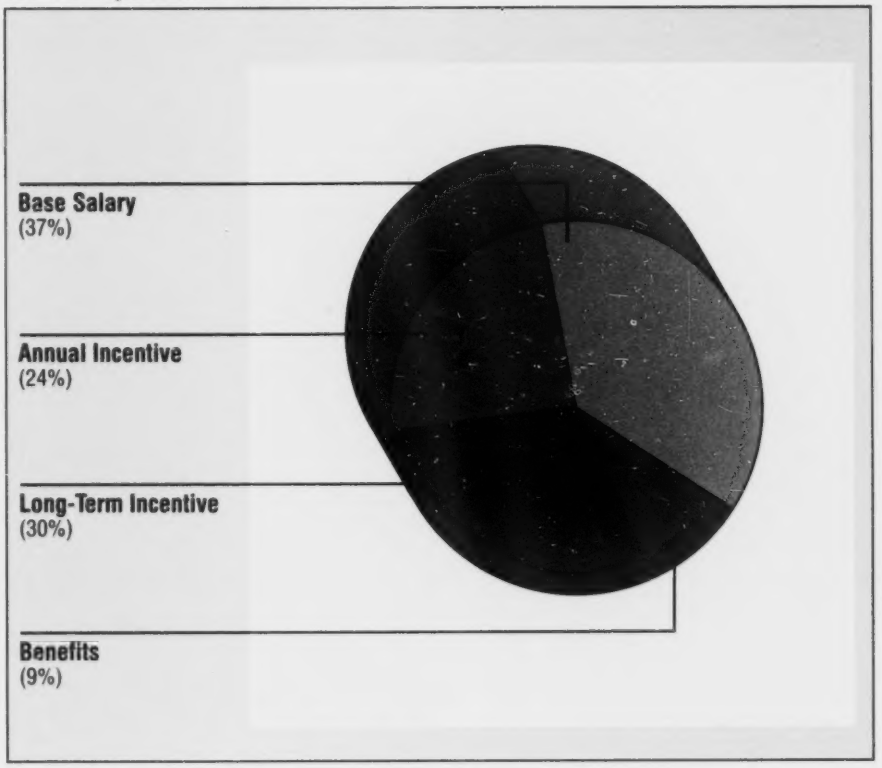
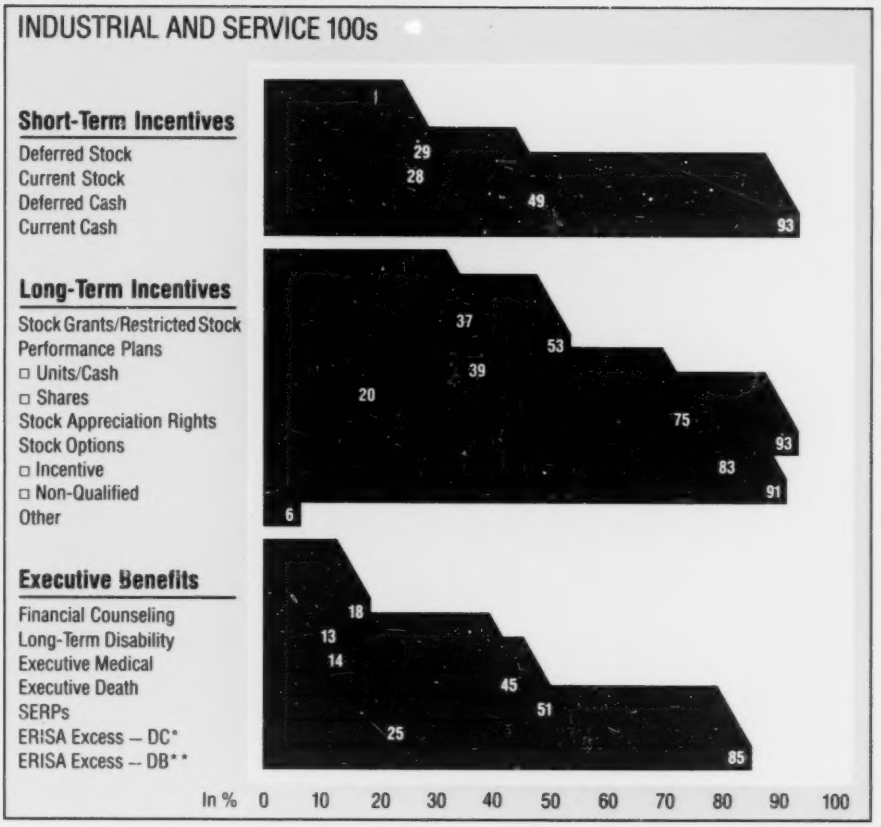


Exhibit 4 contains data on a variety of compensation elements that supplement base salary and broad-based employee benefit plans. Because of changes in SEC disclosure requirements last year, many of the less costly elements – mainly executive benefits and perquisites – are no longer reported in detail. Therefore, although the exhibit reports on the prevalence of various executive benefits practices, TPF&C's experience indicates that the figures for such items as financial counseling and executive medical plans are significantly understated.

Prevalence of Major Compensation Elements ***Exhibit 4***



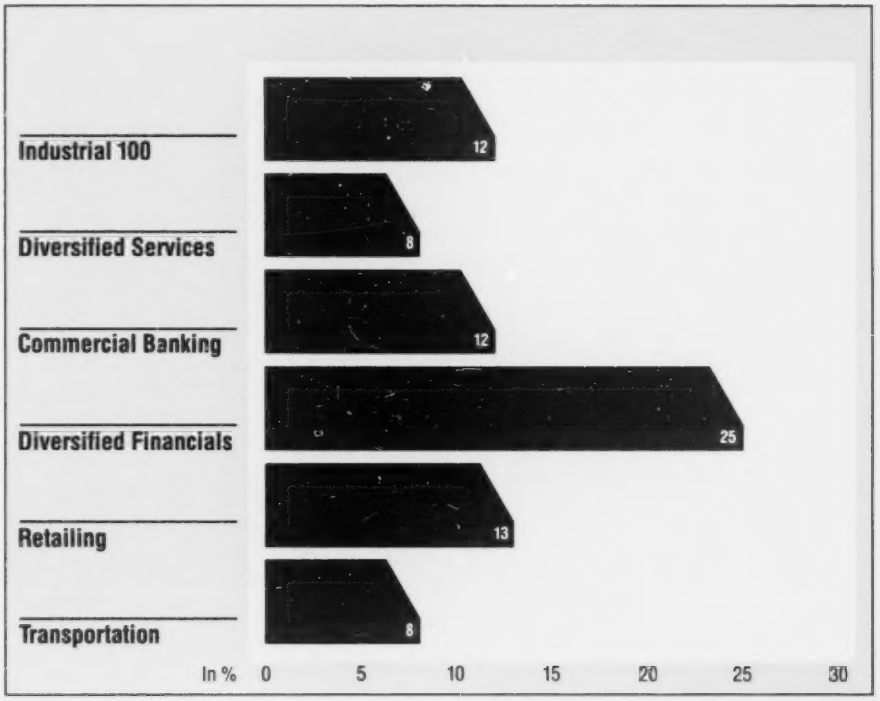
*DC indicates Defined Contribution
**DB indicates Defined Benefit

Executive cash compensation typically comprises base salary and annual incentive awards. In 1983, enhanced in large measure by the rebound in annual incentive awards, the median percentage increase in total cash compensation in the combined Industrial and Service 100s was 12% for the 622 executives who held the same position in each of the past two years.

Median cash compensation increases for incumbent CEOs in the Industrial, Commercial Banking and Retailing sectors were close to the overall 12% median *(Exhibit 5)*. The highest median increase was reported for the CEO in the Diversified Financial sector, reflecting the tremendous financial gains realized by many firms in that industry in 1983. The median CEO pay increases were lowest in the beleaguered Transportation industry and the Diversified Services sector. In the latter, however, the variation in actual compensation increases was extremely wide, as was the variation in company performance.

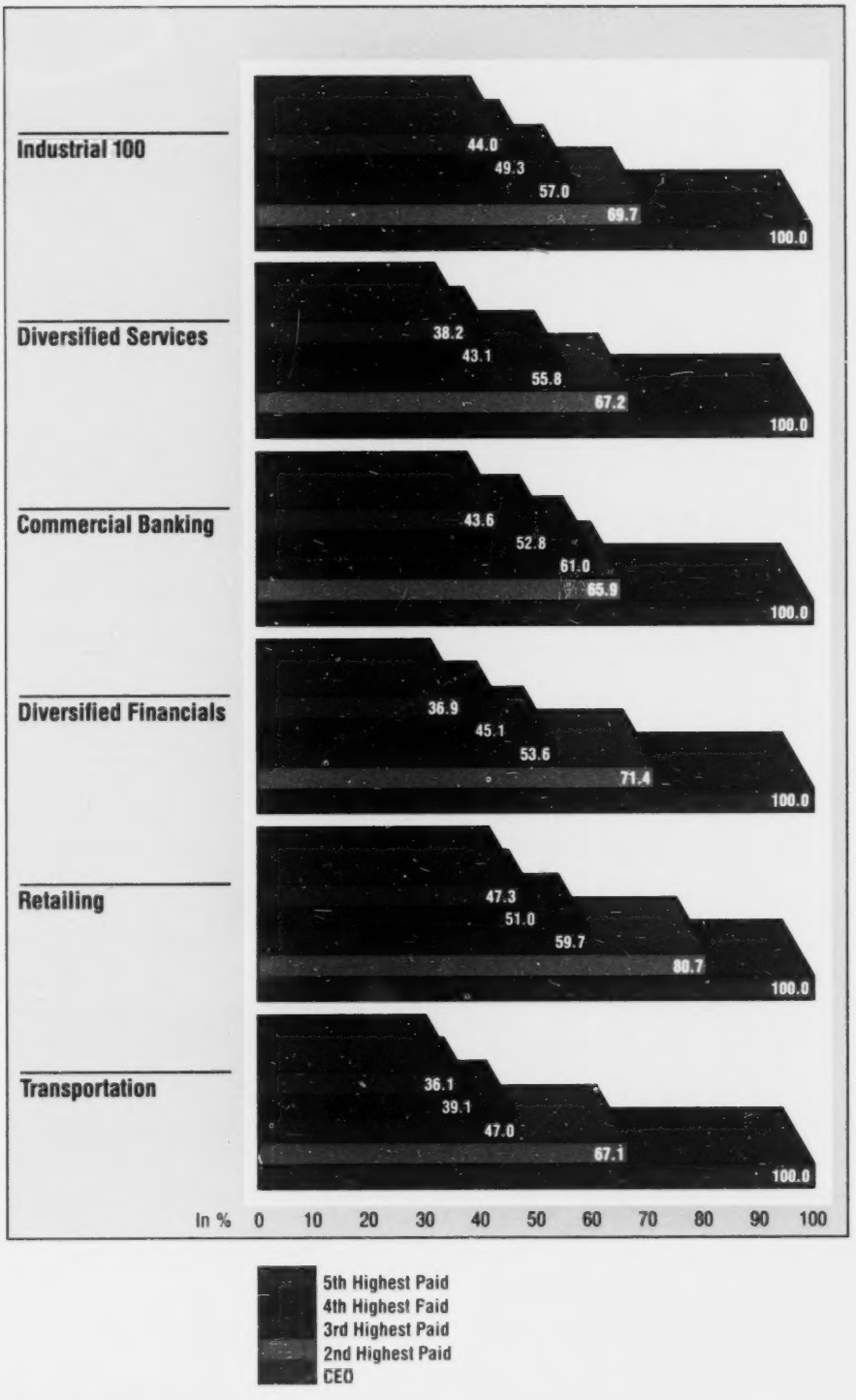
Median Percentage Increase in Cash Compensation for CEOs (Constant Population)

Exhibit 5



The median increase for the second highest-paid executive in our study – generally the Chief Operating Officer – was greater than the 12% overall median. The figures for the third- and fourth-highest paid executives followed the overall median, but the median increase for the fifth highest-paid executive fell behind. *Exhibit 6* shows the median cash compensation for each executive as a percent of CEO pay.

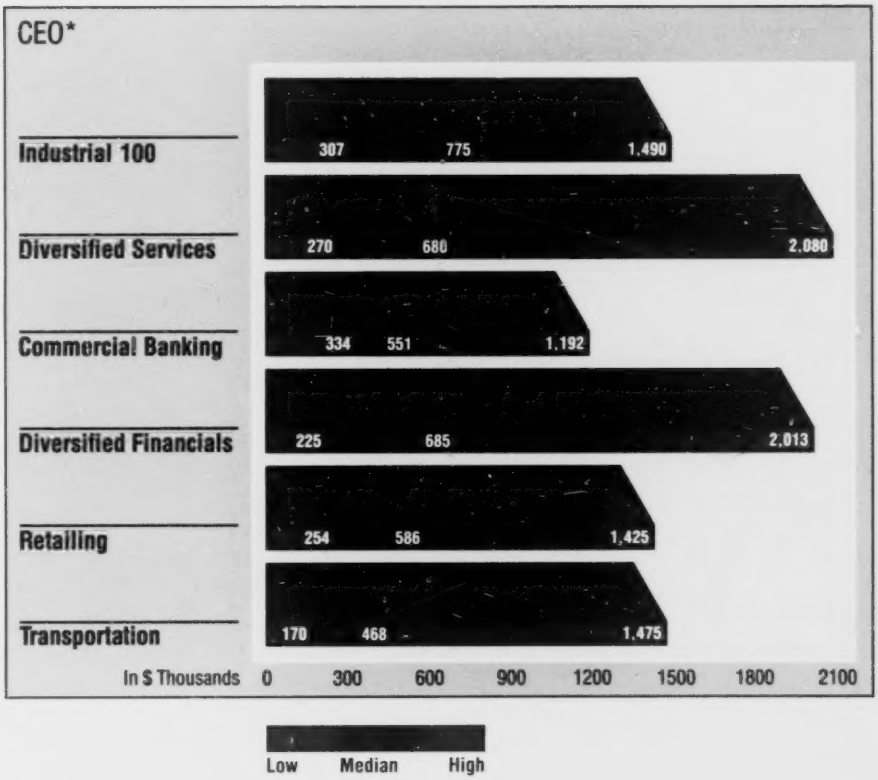
Senior Executive Compensation as a Percentage of CEO Pay ***Exhibit 6***



The bar graph in *Exhibit 7* illustrates the low, median and high compensation levels for the CEO in each industry group. The table reports on the same compensation levels for all five senior executives in each industry group. Organization size – whether expressed in terms of sales, revenues, assets or other industry-specific measures – continued to exert a strong influence on pay levels. Therefore, absolute comparisons among industries should be made with extreme care. As we have noted, the Industrial group represents the largest industrial companies in the United States; the Service 100 covers the largest companies in each industry segment and representative middle-ranking companies.

Total Cash Compensation Statistics ($000)

Exhibit 7



		Industrial 100	Diversified Services	Commercial Banking	Diversified Financials	Retailing	Transportation
CEO*	Low	307	270	334	225	254	170
	Median	775	680	551	685	586	468
	High	1,490	2,080	1,192	2,013	1,425	1,475
2ND HIGHEST PAID	Low	247	248	219	135	305	120
	Median	540	457	363	489	473	314
	High	1,330	2,080	680	1,500	1,010	825
3RD HIGHEST PAID	Low	191	233	133	104	254	115
	Median	442	379	336	367	350	220
	High	1,235	1,920	680	1,272	967	681
4TH HIGHEST PAID	Low	165	202	154	89	204	87
	Median	382	293	291	309	299	183
	High	1,090	1,920	680	806	946	613
5TH HIGHEST PAID	Low	150	155	132	79	179	67
	Median	341	260	240	253	277	169
	High	1,010	1,920	438	720	684	585

*CEO is not always the highest paid

The prevalence of annual incentive plans varies little between the Industrial and Service sectors, as shown in *Exhibit 8*. Companies strive to make these plans consistent with their financial goals so that they accurately reward both individual and team contributions toward meeting these goals.

Percentage of Companies Offering Short-Term Incentives ***Exhibit 8***

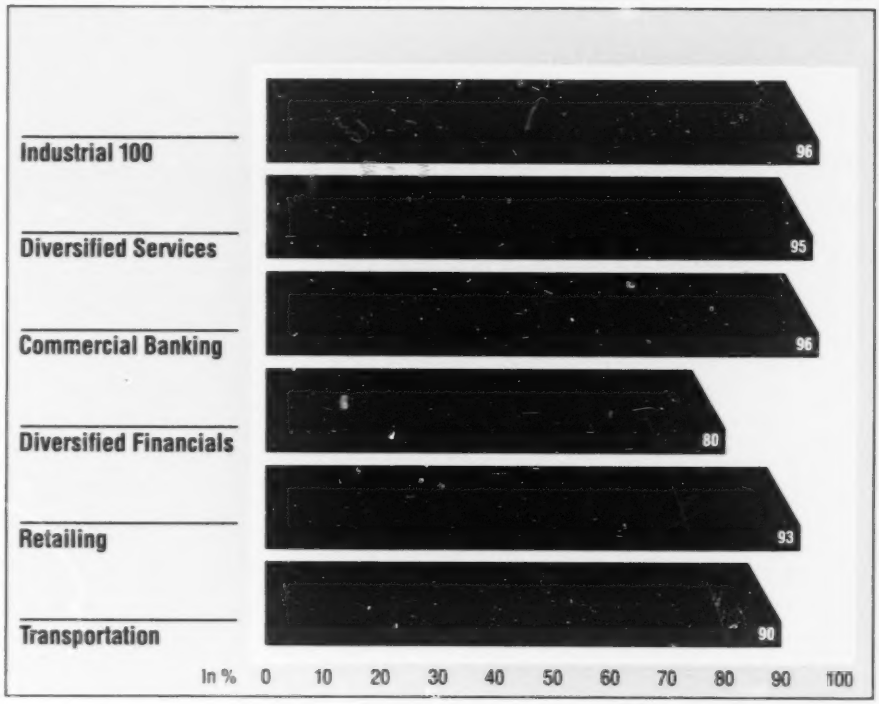
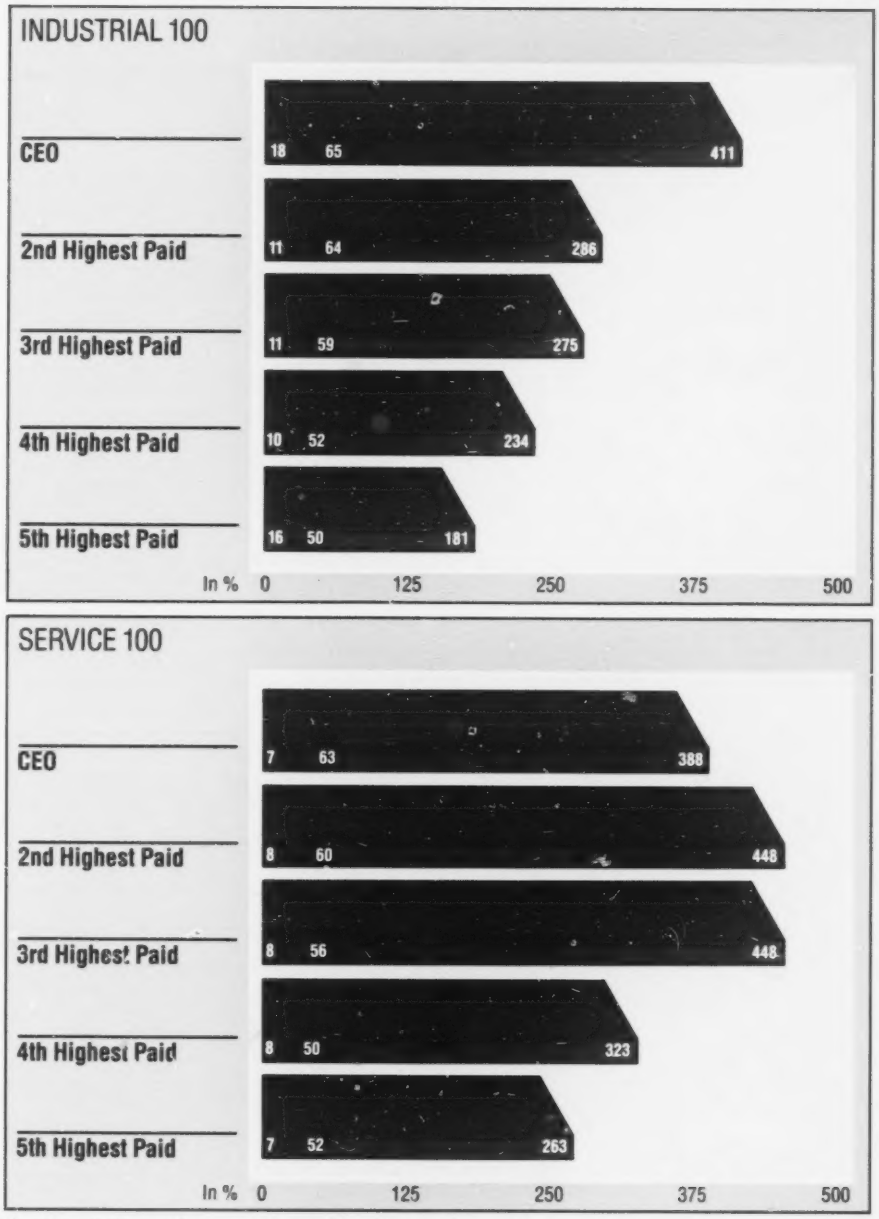


Exhibit 9 shows the annual incentive as a percent of salary for companies that both paid awards and reported salary and incentive awards separately in their proxy statements. The Service 100 follows the same general pattern as the Industrial 100.

Because the annual incentive award forms such a significant portion of an executive's income, it can be a powerful instrument for motivating the individual to accomplish key organizational goals. How it does this, however, cannot readily be discerned from formal plan documents, which usually provide only overall guidelines and funding formulas. In most companies, annual incentive plans are administered to emphasize the importance of focusing on key business issues, the need to reach appropriate milestones in critical strategic plans and the contribution of each individual to the organization's success. Thus, the annual incentive plan plays an important role in driving an executive's performance consistently toward the organization's long-term goals. U.S. business culture fosters this concept.

Annual Incentive Award as a Percentage of Base Salary* ***Exhibit 9***

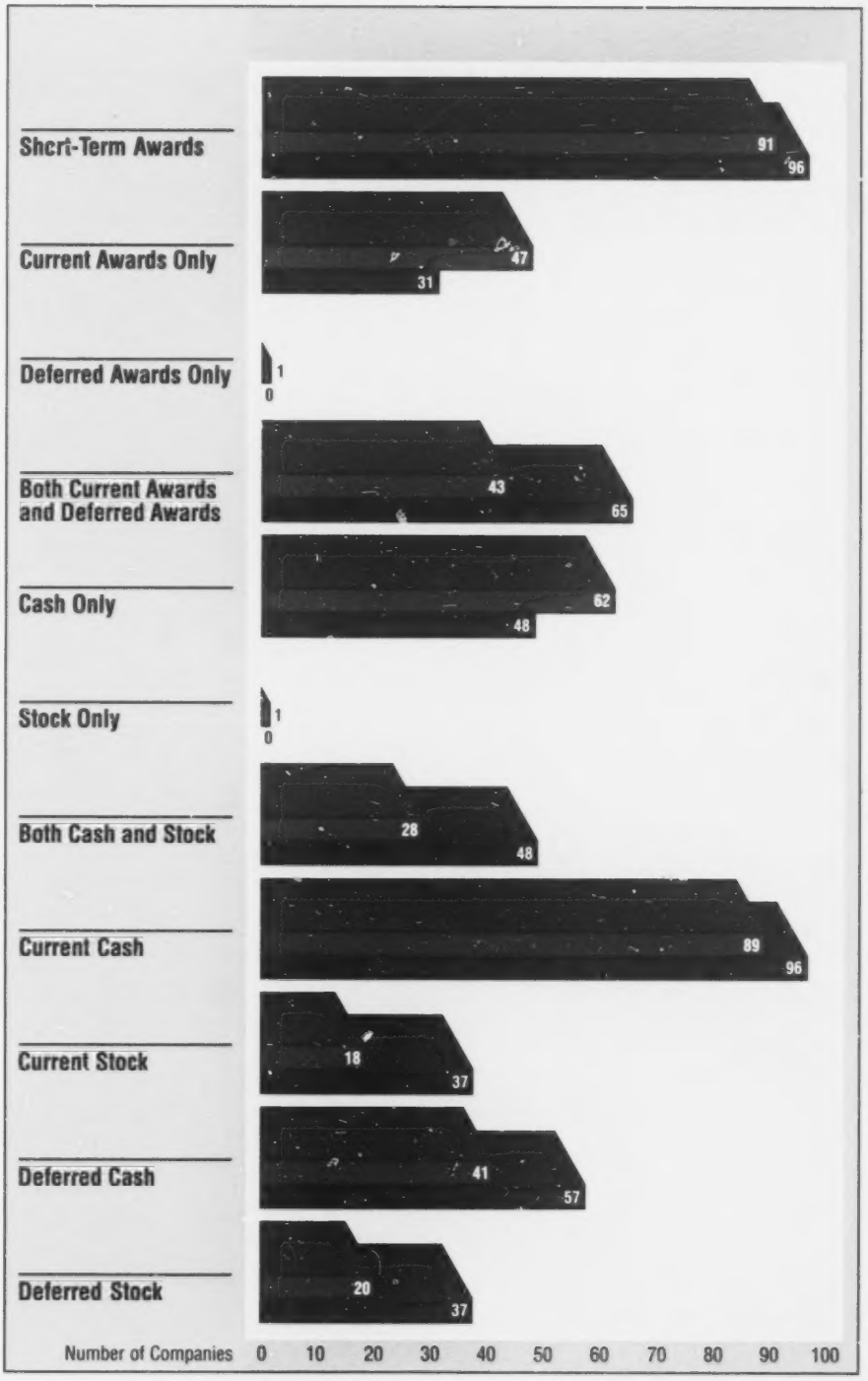


*based on disclosure of separate salary and incentive award amounts by 39 Industrial 100 and 28 Service 100 companies

Low Median High

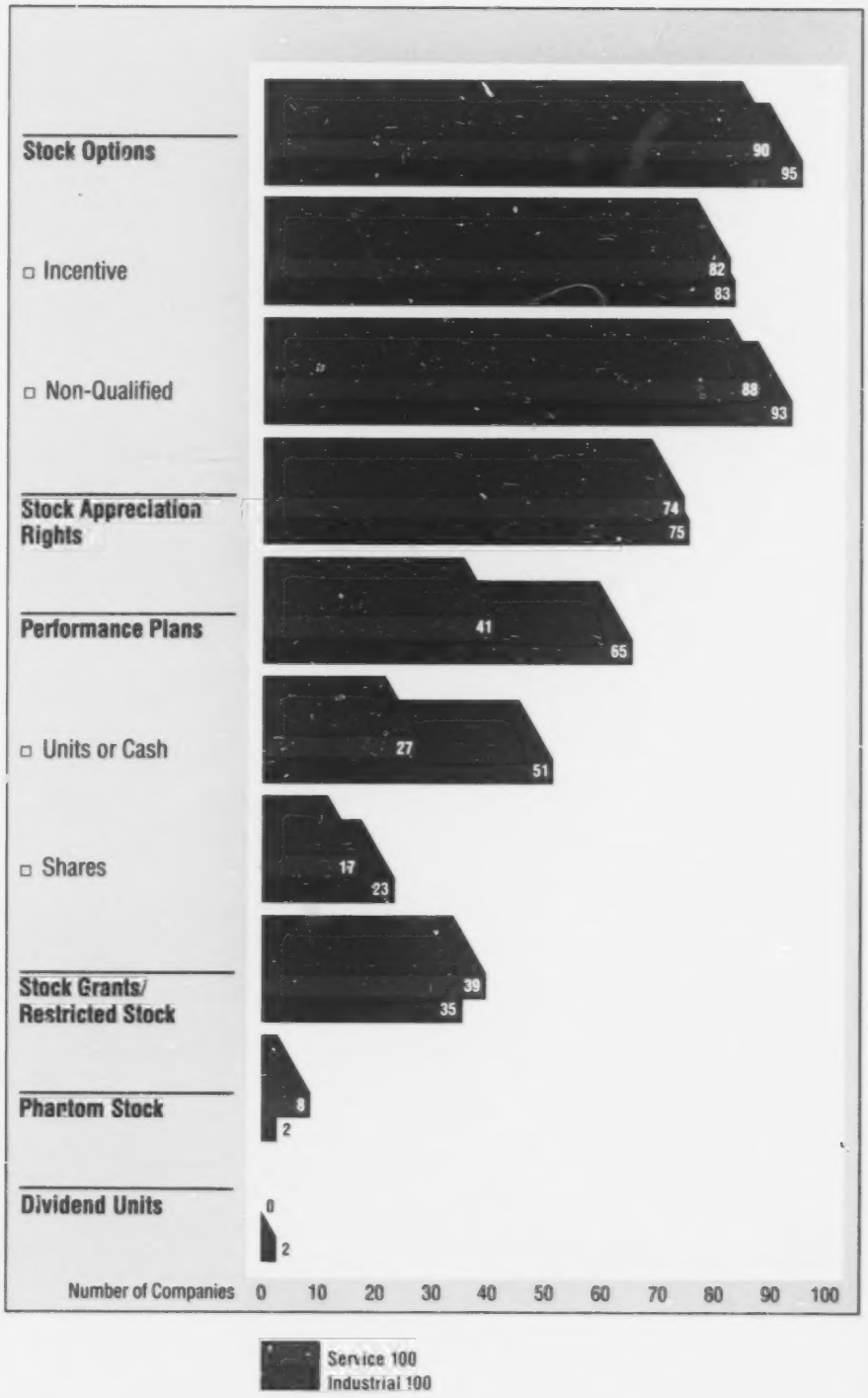
Once an award is earned, there are a variety of ways to deliver the payment to the individual. *Exhibit 10* shows the prevalence of the more common methods of payment, from immediate cash and company stock to forced and voluntary deferrals. Definitions of these techniques can be found on page 19 preceding the listings of individual company practices.

Prevalence of Short-Term Incentives ***Exhibit 10***



Executive stock ownership continues to underlie the long-term incentive plans of the Industrial and Service 100s. Last year, 95 companies in the Industrial 100 and 90 in the Service 100 offered stock options – non-qualified and incentive – to their senior executives. More than 80% of these organizations also used stock appreciation rights to facilitate exercise and promote ownership. The increasing numbers of performance plans – 65 in the Industrial 100 and 41 in the Service 100 – show management's interest in measuring long-term performance against specific corporate goals and standards of excellence. These performance plans, as well as the various programs reported in *Exhibit 11*, generally use company stock for at least part of the reward payment.

Prevalence of Long-Term Incentives ***Exhibit 11***



To determine whether these long-term incentive plans were actually promoting stock ownership among inside directors, TPF&C analyzed share ownership among the Industrial 100 executives. The analysis clearly showed that CEOs and other inside directors have substantial ownership positions in their companies, and that the long-term incentive plans provide significant potential for increasing that position.

At one end of the scale, as would be expected, are executives who owned controlling interests in their companies, frequently because they are founders or members of the founder's family. At the other end of the scale are many newly appointed CEOs who owned very few shares but may hold substantial rights as part of an inducement to employment.

Excluding these extremes, we found that stock ownership among the remaining CEOs ranged between 14,259 and 77,272 shares. To give a dollar perspective to these shares, we looked at the data in terms of value to the shareholder and found that market value as of August 1984 ranged between $525,078 and $3,194,971. These same CEOs had rights to acquire additional blocks of shares, ranging between 3,702 and 75,035 shares, under their option and incentive programs.

Because the acquisition of shares can require significant cash outlays or result in heavy tax obligations, the number of shares these executives actually retain after conversion may be only a fraction of the total available. In effect, if company performance supported stock price growth, a CEO might realistically expect to increase his actual stock ownership by some 15% to 35% of his total rights. Based on that assumption, the median increase in the value of the stock holdings would be $525,400 at August market values.

To study non-CEO inside directors, we used the number of shares owned and the number of rights available to calculate the average stock position for the inside directors of each company. Again, dropping the extremes, we found that non-CEO inside directors owned between 6,817 and 30,529 shares, with an August market value ranging between $236,898 and $1,304,808. Additional stock acquired under the stock rights would result in a median increase, at August market values, of $166,500 in the holdings of a non-CEO inside director.

TPF&C's analysis of stock holdings, both actual and potential, among executives in the Industrial 100 suggests that boards of directors believe strongly in the idea that executives' fortunes should be tied closely to shareholder value.

Despite the evidence linking executive rewards to shareholder value, some observers believe that current incentive plans need to be strengthened to achieve a better "pay for performance" balance. TPF&C has worked with companies to reorient some traditional incentive compensation plans to performance measures and techniques that concentrate executive attention directly on achieving specific strategic results that are expected to increase shareholder value. Some of the long-term incentive practices listed in Exhibit 11 — and reported in detail for each company in the Appendix — are being reshaped to help management respond to the challenges of a changing economy and worldwide competitive markets.

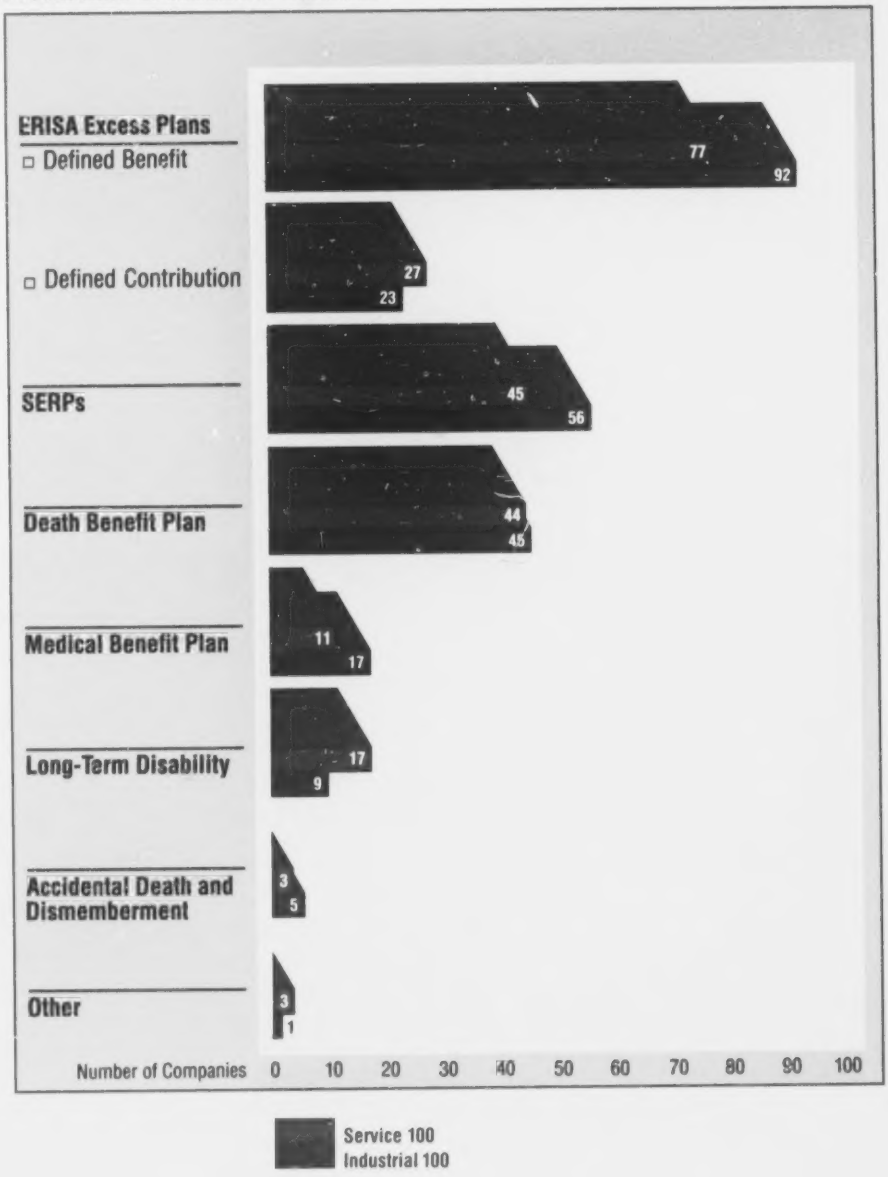
Historically, benefit plans have served both to supplement cash compensation and to reinforce its role in motivating and rewarding executives. Although traditional employee benefit programs are still the main source of benefits for top management, many companies in the Industrial and Service 100s have special plans for their senior executives *(Exhibit 12)*.

The number of companies with ERISA excess plans, which replace the benefits that employers cannot provide under qualified retirement plans due to statutory dollar limits, increased significantly during the past year, partially as a result of the lower limits imposed by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Ninety-two of the Industrial 100 and 77 of the Service 100 reported defined benefit excess plans. Twenty-three and 27 companies, respectively, adopted excess plans applicable to their defined contribution programs, a significant increase over the 12 plans reported by the Industrial companies in last year's study.

Supplemental executive retirement plans (SERPs) typically provide additional benefits for short-service executives or upon early retirement. Some offer additional pension credits based on pay not covered by the regular retirement program. This year's survey revealed that SERPs were present in *one-half* the companies, almost equally divided between the Industrial and Service sectors.

The number of special executive death benefit plans increased moderately among the survey companies, while special programs covering medical benefits, long-term disability and accidental death and dismemberment remained constant. However, all these plans may be more common than the survey indicated because some programs were reported only in the aggregate with no specific plan references.

Prevalence of Executive Benefits ***Exhibit 12***



EXECUTIVE CONTRACTS

Many companies continue to use comprehensive employment contracts, with or without deferred compensation amounts, either as a matter of policy for certain top-level executives or, more frequently, in connection with executive recruiting. Thirty Industrial 100 companies reported contracts with 64 executives. In the Service 100, 38 companies offered contracts to 105 executives. Six companies in the Industrial 100 and three in the Service 100 reported these arrangements for the CEO only.

In addition, continued corporate consolidations and takeover attempts have led to the increasing use of "golden parachute" contracts to protect executives from arbitrary dismissal following a change in control. These contracts cover a wide range of amounts, types of compensation and events triggering such payments. Several extremely large settlements, however, have caused the public to view golden parachutes in general with considerable skepticism.

Last year, a blue-ribbon panel, working with the Securities and Exchange Commission on takeover tactics, questioned the effectiveness and appropriateness of such contracts. And with the passage of the Deficit Reduction Act of 1984 (DEFRA), Congress established guidelines and imposed penalties on "excess" payments made in conjunction with a change in corporate ownership. If a golden parachute is determined to be excessive under the DEFRA guidelines, a company will not be allowed a corporate tax deduction for the payment. Moreover, in addition to all other taxes due, the executive will have to bear a 20% excise tax on the excess parachute amount. Additional details on the law's impact can be found in TPF&C's Background Report, *Deficit Reduction Act of 1984: The Effect on Employee Benefit Plans and Executive Compensation*.

Sixteen of the Industrial 100 companies offered golden parachutes to one or more executives, up from 12 the previous year. Sixteen companies in the Service 100 also reported such change-in-control agreements. The only sector within the Service group not reporting golden parachutes was Retailing.

As with any such practice, some abuses exist. But we believe it was wrong to judge all such arrangements on the basis of a few extreme examples. The result, of course, has been Congressional intervention, through special tax penalties, in determining executive pay. TPF&C views this action with concern. The all-encompassing Congressional definitions that restrict or eliminate golden parachutes may have a deleterious effect on future executive compensation programs and the competitive market for executive talent.

APPENDIX

Definitions of Short-Term Incentives

To ensure consistent interpretation of study results, we define the various short-term awards as follows:

- **Current Cash** – Any award paid in cash either immediately following the close of the year on which the award is based or in installments beginning in that year and continuing for a number of years during active employment.
- **Current Stock** – Any award paid in stock either immediately following the close of the year on which the award is based or in installments beginning in that year and continuing for a number of years during active employment.
- **Deferred Cash** – Any award paid in cash, but not until termination or retirement. The fact that the payment at termination or retirement might be in a lump sum or spread over several annual installments is not considered and does not affect this classification. Similarly, there is no analysis of any increase (e.g., interest payments) in the award amount during the deferral period.
- **Deferred Stock** – Any award made in stock under the short-term incentive plan, but not paid until termination or retirement. The fact that the payment at termination or retirement might be in a lump sum or spread over several annual installments is not considered and does not affect this classification. Similarly, there is no analysis of any increase (e.g., market price gains and/or dividend equivalents) in the award amount during the deferral period.

Definitions of Long-Term Incentives

We define the various long-term awards as follows:

- **Stock Options** – A stock option grant is an opportunity to purchase shares of company stock at a stated price (typically, the current market value at date of grant) during a given period of time, frequently ten years.
  - **Incentive Stock Options** – Options that meet certain requirements of the Internal Revenue Code, thereby receiving special tax treatment. Key requirements include: options must be granted at 100% of fair market value and exercised in the order granted; the exercise period cannot exceed ten years, and stock must be held two years from date of grant and one year from date of exercise. If all requirements are met, the executive does not incur tax at time of exercise and proceeds at sale are taxed as a long-term capital gain. The company does not receive a tax deduction in conjunction with an ISO.
  - **Non-Qualified Stock Options** – Any option to purchase company stock that does not meet the special requirements for an ISO. The executive must pay ordinary income tax at the time of exercise on the spread between the option price and the fair market value on date of exercise. The company receives a tax deduction equal to the amount the executive realizes as income.
- **Stock Appreciation Rights** – A right granted in connection with an option where the executive, in lieu of exercising the option, can receive a payment equal to the amount by which the fair market value of the stock, on the date the option otherwise would have been exercised, exceeds the option price. These payments can be made in cash or free shares of stock having an equivalent value, or a combination of both.
- **Performance Plans** – A contingent award is made that will be earned in whole or in part according to the degree of achievement of predetermined performance goals over a predetermined span of time (usually three to six years). Performance goals are most often stated in terms of earnings-per-share growth, but other measures may be used.
  - **Performance Unit Awards** – Any performance grant expressed as contingent units or a specific cash amount. Units are assigned an arbitrary value and the portion of the award earned is typically paid in cash but may be in shares of stock of equivalent value.
  - **Performance Share Awards** – Any performance grant expressed as contingent shares of stock. The award, to the extent earned, is paid in stock or, alternatively, the employee may receive the cash equivalent of the common stock or a combination of cash and stock.
- **Stock Grants** – Grants of stock at no or nominal cost. In some instances, the stock grant is in the form of restricted stock that is nontransferable and/or subject to substantial risk of forfeiture until some special conditions are met. The restrictions are typically designed to lapse over a period of years, based on continuing service.
- **Phantom Stock** – Any award made in units analogous to an actual share of stock where the employee receives, after a period of time, the equivalent of the appreciation in the value of the underlying stock and frequently an amount equal to dividends paid during the period. This sum may be paid out either in cash or in stock.
- **Dividend Units** – Any award made in units analogous to an actual share of stock where the employee receives only the equivalent of dividends paid on shares of the company's stock.

SHORT- AND LONG-TERM INCENTIVE PLANS IN THE TOP 100 U.S. INDUSTRIAL COMPANIES (1)

Company	Short-Term Incentive Plans				Long-Term Incentive Plans							
					Stock Options			Performance Plans				
	Current Cash	Current Stock	Deferred Cash (2)	Deferred Stock (2)	ISO	NQSO	SARs	Units or Cash	Shares	Phantom Stock	Stock Grants	Dividend Units
Allied Corporation	•	•	•	•	•	•	•	•				
Aluminum Company of America	•			•		•	•					
Amerada Hess Corporation	•		•							•	•	
American Brands, Inc.	•				•	•	•					
American Home Products Corporation	•	•		•	•	•	•					
American Motors Corporation	•					•	•					
Anheuser-Busch Companies, Inc.	•				•	•	•					
Archer-Daniels-Midland Company	No Plan Reported				•	•						
Armco Inc.	•			•	•	•	•	•				
Ashland Oil, Inc.	•				•			•				
Atlantic Richfield Company	•	•	•	•	•	•		•			•	
Beatrice Companies, Inc.	•				•	•			•			
Bethlehem Steel Corporation	•	•	•		•	•	•					
The Boeing Company	•	•	•		•	•	•					
Borden, Inc.	•	•	•	•	•	•	•	•				
Bristol-Myers Company	•		•		•	•	•	•				
Burroughs Corporation	•		•		•	•	•	•				
CPC International Inc.	•	•		•	•	•	•	•			• •	
Caterpillar Tractor Co.	•		•		•	•	•					
Champion International Corporation	•	•	•	•	•	•	•	•				
Chevron Corporation	•			•					•		•	
Chrysler Corporation	•	•	•	•	•	•	•	•				
The Coastal Corporation	•				•	•	•					
The Coca-Cola Company	•		•		•	•	•	•			•	
Colgate-Palmolive Company	•		•	•	•	•	•					
Consolidated Foods Corporation	•		•		•	•	•	•				
The Continental Group, Inc.	•				•	•	•		•			
Control Data Corporation	•				•	•		•			•	
Dart & Kraft, Inc.	•	•	•		•	•	•	•	•		•	
Deere & Company	•				•	•	•					
Diamond Shamrock Corporation	•		•		•	•	•	•				
Digital Equipment Corporation	No Plan Reported					•						
The Dow Chemical Company	•			•	•	•	•				•	•
E.I. du Pont de Nemours and Company	•	•	•	•	•	•	•					
Eastman Kodak Company	No Plan Reported				•			•				
Esmark, Inc.	•		•		•	•	•		•		•	
Exxon Corporation	•	•	•	•	•	•	•	•				
The Firestone Tire & Rubber Company	•				•	•	•		•		•	
Ford Motor Company	•		•	•	•	•	•					
General Dynamics Corporation	•	•	•	•	•	•			•			
General Electric Company	•	•	•	•	•	•	•	•			•	
General Foods Corporation	•		•		•	•	•	•			•	
General Mills, Inc.	•	•	•	•	•	•		•				
General Motors Corporation	•	•			•	•	•	•				
Georgia-Pacific Corporation	•					•	•					
The Goodyear Tire & Rubber Company	•	•		•	•	•	•					
W.R. Grace & Co.	•	•	•	•	•	•	•	•	•		•	
Gulf & Western Industries, Inc.	•		•		•	•	•					
H.J. Heinz Company	•		•		•	•	•	•				
Hewlett-Packard Company	No Plan Reported				•	•	•					
Honeywell Inc.	•	•	•	•	•	•			•			
IC Industries, Inc.	•				•	•	•	•			•	
ITT Corporation	•	•	•	•	•	•	•	•			• •	
International Business Machines Corporation	•	•	•	•	•	•	•					
International Harvester Company	•				•	•	•	•	•		• •	

Company	Short-Term Incentive Plans				Long-Term Incentive Plans								
					Stock Options			Performance Plans					
	Current Cash	Current Stock	Deferred Cash (2)	Deferred Stock (2)	ISO	NQSO	SARs	Units or Cash	Shares	Phantom Stock	Stock Grants	Dividend Units
International Paper Company	●			●	●	●			●			
Johnson & Johnson	●	●			●	●		●			●	
The LTV Corporation	●				●	●	●	●				
Litton Industries, Inc.	●				●	●	●					
Lockheed Corporation	●		●		●	●	●					
Martin Marietta Corporation	●					●	●					
McDonnell Douglas Corporation	●	●			●	●	●					
Minnesota Mining and Manufacturing Company	●				●	●		●				
Mobil Corporation	●	●	●	●	●	●	●	●				
Monsanto Company	●	●	●	●	●	●	●	●			●●	
Motorola, Inc.	●		●		●	●		●				
NCR Corporation	●				●	●		●				
Nabisco Brands, Inc.	●		●						●			
North American Philips Corporation	●					●	●	●				
Occidental Petroleum Corporation	●					●	●				●	
PPG Industries, Inc.	●	●	●	●	●	●	●		●			
PepsiCo, Inc.	●					●	●	●			●	
Pfizer Inc.	●				●	●	●	●	●		●	
Philip Morris Incorporated	●				●	●						
Phillips Petroleum Company	●	●	●					●	●			
The Pillsbury Company	●		●	●	●	●		●	●			
The Procter & Gamble Company	●	●	●	●	●	●	●					
Ralston Purina Company	●	●	●	●	●	●					●	
Raytheon Company	●		●		●	●						
R.J. Reynolds Industries, Inc.	●		●	●	●	●	●	●	●		●	●
Rockwell International Corporation	●	●			●	●	●		●		●●	
Shell Oil Company	●	●	●	●	●	●	●	●				
The Signal Companies, Inc.	●		●		●	●	●	●			●	
Sperry Corporation	●		●		●	●	●	●			●	
The Standard Oil Company (an Ohio Corporation)	●		●	●	●	●	●	●			●	
Standard Oil Company (Indiana)	●	●	●	●	●	●	●	●	●		●	
Sun Company, Inc.	●	●	●			●	●	●			●	
TRW Inc.	●				●	●	●	●				
Tenneco Inc.	●				●	●	●	●				
Texaco Inc.	●		●						●	●	●	
Texas Instruments Incorporated	●	●	●	●	●	●		●				
Time Incorporated	●		●		●	●	●		●		●	
Union Carbide Corporation	●		●			●	●					
Union Pacific Corporation	●		●	●	●	●	●				●	
United States Steel Corporation	●					●	●					
United Technologies Corporation	●	●			●	●	●	●				
Unocal Corporation	●	●	●			●	●		●		●●	
Westinghouse Electric Corporation	●	●	●	●	●	●	●	●	●		●●	
Weyerhaeuser Company	●		●		●	●	●					
Xerox Corporation	●		●		●	●	●	●			●	

(1) Companies are those ranked by *Fortune* (May 1984). American Motors Corporation, International Harvester Company, NCR Corporation, PPG Industries, Inc. and The Pillsbury Company have been substituted for AT&T Technologies, Inc., Agway Inc., The Charter Company, Getty Oil Company and Gulf Oil Corporation.

(2) "Deferred" awards indicate provision for payout after termination or retirement under the short-term incentive plan or under a separate deferred compensation plan but do not include individual contractual deferred compensation arrangements.

● Indicates feature included in plan.

● New feature adopted in 1984.

● Restricted stock.

Please note that this chart reports methods of payment or form of awards for which the companies have made provisions in their plans, but does not necessarily indicate methods of payment or form of awards actually used.

SHORT- AND LONG-TERM INCENTIVE PLANS IN THE U.S. SERVICE 100 COMPANIES (1)

Company	Short-Term Incentive Plans				Long-Term Incentive Plans							
					Stock Options			Performance Plans				
	Current Cash	Current Stock	Deferred Cash (2)	Deferred Stock (2)	ISO	NQSO	SARs	Units or Cash	Shares	Phantom Stock	Stock Grants	Dividend Units
Diversified Services (20)												
Alco Standard Corporation	•				•	•						
American Broadcasting Companies, Inc.	•		•	•							•	
American Hospital Supply Corporation	•				•	•	•		•		•	
CBS Inc.	•		•	•		•	•					
City Investing Company	•							•		•		
The Dun & Bradstreet Corporation	•				•	•	•	•				
Fleming Companies, Inc.	•				•	•	•					
Fluor Corporation	•		•		•	•	•				•	
Genuine Parts Company	•				•	•						
Halliburton Company			•								•	
Hospital Corporation of America	No Plan Reported				•	•						
Humana Inc.	•				•	•	•				•	
IU International Corporation	•		•		•	•	•			•		
McKesson Corporation	•		•	•	•	•	•	•				
National Medical Enterprises, Inc.	•				•	•	•				••	
Phibro-Salomon Inc.	•					•	•				•	
RCA Corporation	•	•	•		•	•	•	•				
Ryder System, Inc.	•		•		•	•	•	•			•	
Super Valu Stores, Inc.	•				•	•	•					
Whittaker Corporation	•				•	•		•			•	
Commercial Banking (25)												
BankAmerica Corporation	•				•	•	•				•	
Bankers Trust New York Corporation	•		•		•	•	•	•				
Bank of Boston Corporation	•	•			•	•		•				
Barnett Banks of Florida, Inc.	•				•	•	•				•	
The Chase Manhattan Corporation	•		•	•	•	•	•		•		•	
Chemical New York Corporation	•	•	•	•					•		••	
Citicorp	•	•	•	•	•	•	•					
Citizens and Southern Georgia Corporation	•				•	•	•	•				
CoreStates Financial Corp	•				•	•	•	•			•	
First Chicago Corporation	•		•			•	•		•		•	
First City Bancorporation of Texas, Inc.	•					•	•				••	
First Interstate Bancorp	•				•	•	•	•			•	
InterFirst Corporation	•					•	•	•				
Manufacturers Hanover Corporation	•		•		•	•	•				•	
Mellon National Corporation	•	•	•	•	•	•	•	•				
J.P. Morgan & Co. Incorporated	•		•	•	•	•	•				••	
NBD Bancorp, Inc.	•		•						•		•	
National City Corporation	•		•	•	•	•	•					
Norwest Corporation	•		•		•	•	•	•			•	
PNC Financial Corp	•		•		•		•					
RepublicBank Corporation	•		•		•	•		•				
Security Pacific Corporation	•	•	•	•	•	•	•					
Sovran Financial Corporation	•		•		•	•	•					
Texas Commerce Bancshares, Inc.	•				•	•	•				•	
The Wachovia Corporation	No Plan Reported				•	•	•					
Diversified Financials (20)												
Aetna Life and Casualty Company	•	•	•	•	•	•	•					
H.F. Ahmanson & Company	•		•		•	•				•	•	
American Express Company	•				•	•	•	•	•		•	
American General Corporation	•	•	•	•	•	•	•	•		•	••	
American International Group, Inc.	No Plan Reported				•	•						
Beneficial Corporation		•			No Plan Reported							
CIGNA Corporation	•	•	•	•	•	•	•	•			•	
The Continental Corporation	•		•		•	•	•	•				

Company	Short-Term Incentive Plans				Long-Term Incentive Plans							
					Stock Options			Performance Plans				
	Current Cash	Current Stock	Deferred Cash (2)	Deferred Stock (2)	ISO	NQSO	SARs	Units or Cash	Shares	Phantom Stock	Stock Grants	Dividend Units
Donaldson, Lufkin & Jenrette, Inc.	•				•				•			
Federal National Mortgage Association	No Plan Reported				•	•	•		•			
Financial Corporation of America	No Plan Reported				•	•						
First Boston, Inc.	•				•	•	•		•		•	
Great Western Financial Corporation	No Plan Reported				•	•	•			•		
The E. F. Hutton Group Inc.	•		•		•	•						
Imperial Corporation of America	•				•	•	•					
Merrill Lynch & Co., Inc.	•		•						•		•	
Paine Webber Group Inc.	•				•	•	•				• •	
The St. Paul Companies, Inc.	•		•		•	•	•	•				
Transamerica Corporation	•				•	•	•					
The Travelers Corporation	•	•	•	•	•	•	•					
Retailing (15)												
American Stores Company	•				•	•	•					
Carter Hawley Hale Stores, Inc.	•		•	•	•	•	•	•				
Dayton-Hudson Corporation	•				•	•			•			
Federated Department Stores, Inc.	•				•	•	•				•	
Household International, Inc.	•				•	•	•	•	•		• •	
K mart Corporation	•				•	•	•					
The Kroger Co.	•					•	•	•				
Lucky Stores, Inc.	•		•		•	•	•					
The May Department Stores Company	•		•	•	•	•	•	•			•	
J. C. Penney Company, Inc.	•				•	•	•	•			• •	
SAFEWAY Stores, Incorporated	•				•	•	•					
Sears, Roebuck and Co.	•				•	•	•	•	•		•	
The Southland Corporation	•	•	•		•	•	•					
Wal-Mart Stores, Inc.	No Plan Reported				•	•	•					
Winn-Dixie Stores, Inc.	•				No Plan Reported							
Transportation (20)												
AMR Corporation	•					•	•					
Burlington Northern Inc.	•	•	•		•	•	•		•			
CSX Corporation	•				•	•	•			•		
Consolidated Freightways, Inc.	•	•		•	•	•	•	•				
Delta Air Lines, Inc.	•									•		
Eastern Air Lines, Inc.	No Plan Reported				•	•	•		•			
Federal Express Corporation	•				•	•						
Norfolk Southern Corporation	•			•	•	•	•				• •	
Northwest Airlines, Inc.	No Plan Reported				•	•						
Pan American World Airways, Inc.	•	•	•		•	•	•		•		•	
Republic Airlines, Inc.	•				•	•	•					
Roadway Services, Inc.	•	•		•							•	
Santa Fe Southern Pacific Corporation	•		•		•	•	•		•		•	
Texas Air Corporation	•				•	•	•					
Trans World Airlines, Inc.	•	•			•	•				•		
UAL, Inc.	•		•		•	•	•					
USAir Group, Inc.	•		•		•	•	•					
United Parcel Service of America, Inc.	•			•		•						
Western Air Lines, Inc.	•				•	•	•					
Yellow Freight System, Inc. of Delaware	•	•			•	•	•				•	

(1) A selected sample of 100 companies from the *Fortune* Service 500 (June 11, 1984), including 20 diversified service companies, 25 commercial banks, 20 diversified financial companies, 15 retailers and 20 transportation companies.

(2) "Deferred" awards indicate provision for payout after termination or retirement under the short-term incentive plan or under a separate deferred compensation plan but do not include individual contractual deferred compensation arrangements.

• Indicates feature included in plan.

• New feature adopted in 1984.

• Restricted stock.

Please note that this chart reports methods of payment or form of awards for which the companies have made provisions in their plans, but does not necessarily indicate methods of payment or form of awards actually used.

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